

LATIN AMERICAN REPORT

JUNE 1958

50c

PAVING Before the bulldozers—even before the surveyors—someone must mark the way where one day an inter-continental highway will pass.

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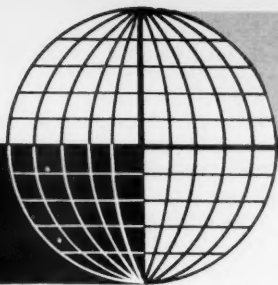
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OUTLOOK

PARAGUAY

... With the Hemisphere's dictators going down one by one before the popular demands of the people for liberty and democracy, yet another strong man finds himself in hot water now. He is Paraguay's General Alfredo Stroessner.

Last February Stroessner staged an election similar to Perez Jiménez's ill-fated attempt to force himself on the people of Venezuela for another term. Stroessner's Colorado party long has been the only political party permitted to function in Paraguay, but to make doubly sure of victory at the polls, the General had his opponents jailed and ran as the only candidate on the ballot. He was elected President of Paraguay for another term.

But like the Venezuelans, Paraguayans found it hard to stomach the farce. In April rebels raided an arms depot and touched off uprisings in three Paraguayan towns. The rebels, reported to be 1,000 strong, were believed backed by some 250,000 Paraguayan exiles of the outlawed Liberal and Febrerista parties, living across the border in Argentina.

Stroessner reacted by muzzling press and radio, and even interfered with air flights in and out of Asunción. Meanwhile, government troops and police set about mopping up the rebels.

But the Catholic Church had taken a stand, demanded restored basic freedoms, elimination of corruption, certain economic reforms. The stand of the Church may be significant in view of results achieved by it in Argentina against Perón, in Colombia against Rojas Pinilla, and in Venezuela in the struggle with Perez Jiménez.

Oil concessions had recently been granted North American oil companies in Paraguay, under Stroessner's Administration.

VENEZUELA

... Left-wing political elements are stirring up a lot of talk about readjusting the present 50-50 split of oil revenues in this oil-rich country. Communists and certain other polit-

ical leaders are using the issue to make political hay on grounds that the private companies are making too much money. These people would avowedly like to see a change to a 75-25 split, in favor of the government. There have been some political efforts to link the present arrangement with the unpopular Perez Jiménez regime, but actually the basic law was enacted in 1943, with revisions under a previous government, in 1948.

Discontent over present arrangements with U. S. companies has been further fed by U. S. government requests for voluntary restrictions of oil imports, which would mean further cutbacks in Venezuelan oil exports to the United States. However, the Provisional Government has stoutly refused to upset the hitherto happy arrangement, which has become a basis for formulas adopted in many other parts of the world, and which has enabled Venezuela to become the world's second largest oil producer.

There has been agitation to stop the granting of further oil concessions, and proposals to set up a government-owned company to exploit remaining resources. It is possible that the future may hold in store some kind of program of this nature, but it seems unlikely that present concessions will be tampered with or that the 50-50 arrangement, which has worked out so well up to now, will be upset in Venezuela, in spite of political criticism and agitation to the contrary.

BRAZIL

... The vitriolic old (60) revolutionary, Luis Carlos Prestes, Brazil's Communist boss and sometimes-termed most influential Communist leader in the Hemisphere, has won the right to come out from underground. Prestes' 12 years of not-too-strictly enforced hide-and-seek was ended by a court order that granted the Red chief conditional freedom while awaiting trial on charges of sedition—a trial that may never come off.

Operating in the open again, Prestes is expected to devote his energies to establishing diplomatic relations

between Brazil and Russia and to the fight against "North American imperialism." He will continue to strive to achieve legality for the outlawed Communist party in Brazil, and will work to build party membership (which he very effectively boosted from 900 to 130,000, to become the largest in the Hemisphere, during his last period of freedom).

Possible incentive for the court order restoring Prestes' freedom to come out of hiding, may be the 600,000 votes that he and his followers claim, in view of Congressional elections upcoming in October.

ARGENTINA

... North American oil companies are watching closely to see what will be the policies of the new Administration in regard to development of the nation's oil reserves. It is hoped that President Frondizi may settle on a compromise plan somewhere in between the present government oil monopoly and the granting of outright concessions to foreign companies.

During his campaign, Frondizi had often voiced opposition to the so-called Yadarola Plan (advanced by the Provisional Government's ambassador to Washington), which proposed letting private companies explore, refine and market petroleum products in Argentina on a contract basis and under the supervision of YPF, the government oil agency.

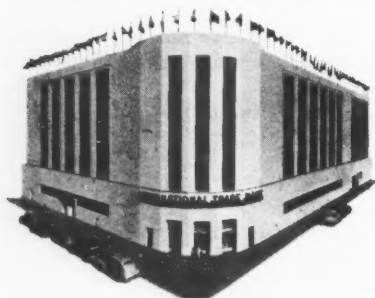
Since his election, however, Frondizi has given some hint that his attitude toward letting private companies take part in development of oil reserves may have changed. Ambassador Yadarola was recalled from Washington and replaced by a wealthy, pro-United States attorney, Cesar Barros Hurtado. Barros, who belongs to the same political faction as Frondizi, last year had voiced a favorable attitude toward some kind of program that would permit YPF to benefit from development contracts with private companies.

Some think a "Barros Plan" might find more favor with the new Administration than would the "Yadarola

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OUTLOOK

Plan." By whatever name, a plan that would permit private participation by foreign and domestic companies in the development of the nation's reserves (proven reserves second only to Venezuela, in South America) could have far reaching effects on

Argentina's economy, and on other Latin American countries which have opposed foreign exploitation. Argentina has been paying out \$300 million a year for oil that could have been produced at home, while operating with a huge foreign trade deficit.

LETTERS

Tariff Fight Looking Brighter

Dear Sir:

I greatly appreciate receiving the November 1957 issue. It is a remarkably well done issue, and I am particularly pleased at the coverage which you gave our interview (on the question of U.S. foreign trade policy).

The fight (for extension of the Reciprocal Trade Agreements Act) looks considerably better than it did when you were last here and the work which you are doing is helping a great deal.

HALE BOGGS, M.C.
United States Representative
from Louisiana

Washington D.C.

What Happened to Buenos Aires?

Dear Sir:

I never cease to be amazed at the articles appearing in your magazine. . . . What has Buenos Aires done to deserve having been omitted from the list of large Latin American cities ("Booming Cities", LAR November, 1957)? Buenos Aires has usually been considered the largest city in Latin America, and yet it is mentioned nowhere in the article.

WILLIAM W. ESCHERICH
Pasadena, California

EDITOR'S NOTE: You are so right. And the editors are both surprised and embarrassed, because Buenos Aires was included in the original copy of the article. It was listed in second place (after Mexico City). But the composing room overlooked it in setting the article in type, and the proof readers failed to catch the omission. Our apologies to reader Escherich, and to the fair city of Buenos Aires which most certainly deserves a place among the booming cities of Latin America.

Halfway Around the World

Dear Sir:

It takes a long time for my subscription copy of LATIN AMERICAN REPORT to reach me here in Beirut. . . . But I await each issue with interest. This interest stems from many years in Latin America and by the fact that I am the publisher of *The South Pacific Mail* of Santiago, Chile. May I congratulate you on the increased readability of the September edition.

One observation: Is there any hope of a change in your policy of no by-lines? I, for one, very much like to know who is writing what I read. Certainly the bulk of your readers are businessmen who want authoritative articles—but authoritative articles without signature tend to be sterile. . . .

DAVID ATLEE PHILLIPS
Office of the General Manager
International Traders, L.A.L.
Beirut, Lebanon

EDITOR'S NOTE: There are a lot of opinions pro and con on this matter of by-lines, and the policy-makers are reconsidering LAR's position. However, we may point out that all contributing writers, other than staff writers, are listed as such in the Contents column. We are glad to get our readers' views on this policy.

A Contribution to Business

Dear Sir:

Almost a year has passed . . . and I have seen each issue you have put out during this time. I still feel you are making a most significant contribution to the development of business within the Americas. Congratulations on a job well done. I am certain it has not been easy in the face of the multitude of problems all publishers have had.

HENRY H. WINDSOR, III
Vice-President
Popular Mechanics Magazine
Chicago, Illinois

Needs Extra Copies

Dear Sir:

Please send me two additional copies of LATIN AMERICAN REPORT dated November 1957. . . . It is "super" and I need more copies. . . .

JUDITH WHITNEY
Westerville, Ohio

Latin American Report, June 1958

UPCOMING: MEXICO BY AUTO

Each year, more and more, North Americans are "discovering" Mexico. They are discovering it via direct air flights from New York, Chicago, New Orleans, Houston, Los Angeles, and Miami—to Mexico City . . . by modernized trains through the interior, and by Gulf cruises to Veracruz and Merida . . . and most of all, they are discovering Mexico by auto, speeding over four main highway routes (one of them relatively newly opened).

We, personally, "discovered" Mexico some 25 years ago, when the lone highway from Laredo to Monterrey, in the state of Nuevo Leon, was THE highway in Mexico, and the auto race from Nuevo Laredo to Monterrey was one of the international events of the year.

Since then, we have been back to Mexico no less than two-score times, but not once by car. So now we are going to turn tourists, like so many North Americans, and take a new look at Mexico from the nation's highways and back roads.

We shall travel as a typical tourist group: the wife, the son, a station wagon bursting at the seams with all the odds and ends we cannot possibly use—but we shall have along with us our Associate Editor and fine photographer, Norman Thomas, to record Mexico as we see it from the road.

We shall give our readers a true and accurate picture of what is involved in a motor trip to Mexico City, and possibly on south to Guatemala. We shall show just how simple international motor travel to this neighboring land really can be—how little red tape, how few requirements. And we shall show how much Mexico has to offer.

Factual information about highway travel through the other Americas, we believe, is becoming particularly important now that the inter-American highway is being opened through Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica and (next year) on to Panama. And dreams of pushing through the Darien Peninsula to South America are now on the way to becoming reality (see "Conquering the Darien", this issue).

However, much of what we "discover" in Mexico will be of special interest to our readers, we believe, in the upcoming July issue of **LATIN AMERICAN REPORT**.

William G. Gaudet

PUBLISHER

Member, Inter American Press Association

THIS MONTH'S COVER: Engineers marking the first trails for the Inter-Continental Highway to follow through the Darien jungle, set up equipment beside a monument marking the Panama-Colombia boundary. (Color photo courtesy of the Darien Subcommittee.)

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LATIN AMERICAN REPORT

Published monthly to record and interpret the changing history of our hemisphere.

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1958

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Calendar of Festivals



If you are planning to travel in Latin America during June or July, you may want to time your trip to catch some of these gala events. Some dates may be subject to change, so please check them with your travel agent.

JUNE

5—Trinity Sunday. At the pagan-Christian festivities in Zaachila (Oaxaca State) Mexico, the famous local Feather Dance, portraying the Conquest, is performed. Dancers representing the Indians wear tall, brilliantly-colored feather headdresses.

14-24—San Juan Bautista Fiesta in San Juan, Puerto Rico. Traditional mid-summer festival with public parties, bonfires on beaches, street dancing, concerts.

17-24—The town of Izalco in El

Salvador, near the active volcano of the same name, holds a week-long fiesta in honor of John the Baptist. An Indian municipal militia that functions in all religious and ceremonial matters attends in elaborate regalia. High point is a sacrificial ceremony to the accompaniment of fife-and-drum music, during which horsemen ride at full gallop beneath four game cocks hung from a branch and attempt to cut off their heads. Afterward, the riders try to unseat each other, using the carcasses as weapons.

20—The processions throughout Latin America in celebration of the Feast of the Blessed Sacrament, or Corpus Christi, are outstanding. A movable feast day, it falls on June 20 in 1958.

22—The Havana Regatta is scheduled out of Havana, Cuba.

24—Indian Day, known popularly by its old name as Fiesta de Amancaes is celebrated on a plain on the outskirts of Lima, Peru's capital. The day was originally a religious festival in honor of St. John. Nowadays it is Peru's greatest popular fiesta. People flock to it from all over the country in their regional costumes to play music on native flutes, harps and Pan's pipes, and to dance traditional dances. Grandstands are set up for spectators and hundreds of booths sell food and drinks. There is also the Fiesta of San Juan celebrated at Guanajuato, Mexico on the 24th.

29—A special fair is held for Sts. Peter and Paul at Otavalo, 75 miles northeast of Quito, Ecuador. Otavalo, one of the largest and most colorful highland markets in South America, is especially noted for its woolens. There are Indian dances at Tlacoapa, Mexico on the 29th, and the Silver Festival at Taxco, Mexico the last week in June.

JULY

5—Independence Day—Venezuela.

12-17—Itati Fiesta, Argentina. A gala festival, honoring jointly the coronation of the Virgin of Itati and St. Louis of France, rouses this quiet village in Corrientes Province. The religious side begins July 14 with the arrival of thousands of pilgrims.

14—Bastille Day in Martinique. Parades, fireworks, public festivities.

16—Feast Day, La Virgen del Carmen, with parades and regattas, in Puerto Rico.

20—Independence Day—Colombia.

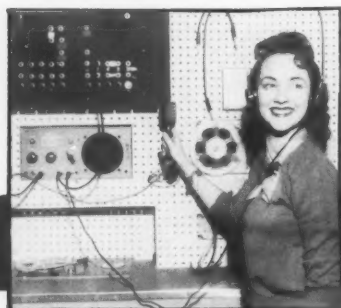
24—Simón Bolívar's birthday, observed in Bolivia; Colombia, Ecuador, Panama, Peru and Venezuela.

24-26—La Semana Santiaguera, carnival and folk music in Cuba.

24 to August 6—Fiesta of the Saviour, El Salvador, honoring the Christ, patron of the country and its capital. Held at San Salvador, these observances have evolved from strictly religious ceremonies to a gay national festival attended by people from all over Central America. A highlight is frequent pageants of colorful floats. The fiesta ends on August 5 with a big procession in which an ancient image of the Saviour is borne aloft. On the next day, the Feast of the Transfiguration, there are church services.

11-31—San Ignacio de Loyola celebration at Guanajuato, Mexico.

In mid-July the famed Palermo Cattle Show in Buenos Aires, Argentina, is held. One of the most important cattle shows in the world, it is a gala event.



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IN LATIN AMERICA

ARGENTINA. Domestic Conditions:

Country undergoing economic readjustment. New government's attitude toward business a factor of uncertainty . . . true also for wages which held fairly steady past year, but pressure on for increases. Long bank strike broken, stock exchange re-opened. Production still declining, cost of living rising (up 45 percent past 18 months). *Agriculture:* Corn crop near record for post-war years (6 million tons), wheat crop off 25 percent, edible oils taking more important place in foreign trade. Plans under way to speed farm mechanization, improve crop distribution and marketing. Meat exports up but herds diminishing. Wool clip up, prices down. *Foreign Trade:* Imports still outrunning exports. Imports \$1.3 billion last year, up 16 percent; exports \$971 million, up 3 percent. Trade deficit at beginning of year, \$340 million, compared to \$184 million beginning of 1957. Reserves at \$280-290 million at beginning of year. *Oil:* Fuel imports last year used up \$317 million. Development policies still clouded in view of new government.

New Starts in Industry: Construction begun on 600,000 kw thermo-electric power plant at Buenos Aires to be completed by 1962. Added potential should boost city's supply to 1,400,000 kw, calculated consumption 1,600,000 by 1962. Power shortage expected to be felt again by 1959. *General:* Argentine National Wealth Recuperation Board has wound up hearings and dissolved. Charges of collusion with Perón dropped against Capehart, Kaiser, Siemens, and Fiat subsidiaries. Government holding onto expropriated Mercedes-Benz interests, possibly as pawn to get more West German investment.

BRAZIL. Domestic Conditions: Total sales were off last year, money supply rose 34 percent, cost of living reported not rising quite as rapidly but inflationary pressures unabated. Conditions remained unimproved first quarter of 1958, little indication of improvement next few months. Agitation under way for boost in minimum wage. Backlog of coffee surpluses and uncertainty of coffee export picture, key to uncertain outlook for 1958. *Agriculture:* Coffee exports last year 14.3 million bags, down 2.5 million. Production for 1958 estimated at near the 20 million mark. Stocks expected to reach 15 million bags by

this month. Wheat production considerably off last season.

Foreign Trade: Terms of trade continued unfavorable. Exports last year equaled \$1.41 billion, down 5 percent, imports \$1.65 billion, up 34 percent, deficit was more than \$240 million, compared to surplus of \$248 million in 1956. Despite this, country continued to meet foreign obligations. Balance of payments deficit was \$129 million. Reserves were \$473 million at start of year, down 23 percent. Free rate of the cruzeiro had dropped to 107 to the dollar in March. *Minerals:* Brightest factor on the export front is minerals. Exports of all ores last year hit a record 4.3 million tons for \$100 million, up 81 percent over previous year. Further increases expected for 1958. Iron ore reserves placed at one third world's total, manganese reserves at between 70 and 120 million tons.

New Plans and Starts in Industry: Willys Motor Co. to produce 1955-model passenger cars at Sao Paulo plant, will ship stored machinery from States, plans 60,000 units per year by 1961. Chrysler backed out of deal to produce Plymouths. Simca, France's number-two auto maker, launched \$7 million company to assemble 12,000 units a year at Sao Paulo, plans new plant at Belo Horizonte to manufacture motors and other parts. Owners of Simca do Brazil include Brazilian interests: Banco Frances Brasileiro, and steel makers, Siderurgica Nacional and the government-owned Volta Redonda. Olin Mathieson Chemical, with IFC help, to spend \$4.4 million to buy and improve a pulp and paper mill, a hydro-electric plant and timberland in Santa Catarina state. Merck-Sharp & Dohme inaugurate ultra-modern pharmaceutical plant at Campinas. Decentralized cement industry stands at installed capacity of 3,940,150 tons, with plants planned or under construction to boost output by another 653,000 tons. Clark Equipment Co. to inaugurate production of material handling equipment in Brazil the end of this year. Ishikawajima Heavy Industries of Japan to launch Brazil's first major shipyard at Rio de Janeiro with a reported investment of \$20 million. Target date for first launching: 1963.

GUATEMALA. Domestic Conditions: Public and private construction maintained a high level last year and is expected to continue active but

with some cut in government construction due to a budget deficit. A high level of activity is foreseen generally for the country under the new Administration, which appears favorably inclined toward private enterprise and foreign investment. The wholesale price index remains stable and is not expected to rise appreciably in the next few months. Cost of living dropped seven points in February, money supply up slightly, production increasing. *Agriculture:* Guatemala exported 1.06 million bags of coffee last year, a 4 percent increase, for a record \$90 million in earnings. The 1957-58 crop is estimated at 1.05 million bags. The government has allocated \$2.5 million to finance stockpiling surpluses in accord with the Mexico City agreement, will probably have to add to this before September. Outlook for cotton especially good, with estimates upped to 63,000 bales for 1957-58, due to 33 percent increase in cotton acreage, plus good weather conditions. The 1957 output was 50,000 bales with 36,000 bales exported.

Foreign Trade: Exports last year were about on a par with the previous year with a slight rise in imports. Lower coffee exports for 1958 may cut into export earnings, but imports will probably remain high in view of a favorable level of reserves. Reserves at start of the year were up 6 percent to \$73.8 million. Increase resulted from oil exploration capital inflow and higher cotton and banana prices.

Plans and Starts in Industry: Multi-million dollar fiber bag factory announced for operation late this year, U. S. financed. Million-dollar shrimp processing and freezing ship was to begin operation on west coast in April, with capacity for 100,000 pounds daily, U. S. - Guatemala financing. Surgical cotton and sanitary napkin plant began operation in April, new machinery from England, local financing. New plastics plant in operation making thin-walled containers. Guateplast, S. A. La Altense, S. A., opened stemmery and re-drying plant for tobacco; company turns out 17 percent of nation's total cigarette production of over 1.7 million. Tobacco production last year: 7.2 million pounds. *General:* Number of cars in Guatemala estimated at 27,200 as against 24,600 in 1956, 17,500 in 1953. Gas stations put at 240 compared to 200 in 1953, due for big increase when highway contracts completed this year.

Conquering the

DARIEN

Inter-American highway
travel by 1965?

Through the dripping mists of an early morning in the tropics, a powerful auto of North American make and latest design rolls through the narrow streets of old Panama and then along a paved highway that leads into the countryside. Although it is yet early in the day the oppressive heat of the tropics has settled on the steaming land, but the occupants of the car ride in air-conditioned comfort. They are a typical family of ubiquitous American tourists.

Through undulating farmlands, past native huts and patches of tropical growth, the big car moves smoothly on, and half an hour out of the city it passes the village of Chepo and crosses a bridge over the shallow river of Mamoni. Now the traveling auto climbs gently along a low ridge, knifing through impenetrable, virgin jungle. The travelers have come far through the tropics already, but never before have they seen jungle so dense and wild as this.

Off to the right and below them, the travelers occasionally glimpse the silvery ribbon of the Rio Bayano. Later in the day they cross over a ridge into the headwaters of the Rio Chucunaque. Now the highway winds at a higher altitude along the side of a ridge of the Serrania del Darien. The jungle trees are bigger than before and the undergrowth along the roadbed is less dense. Strange jungle life is visible—colorful birds wheel through the trees, monkeys stare curiously from the dense foliage, a deer crosses the highway, perhaps even a jaguar slinks into the undergrowth.

From time to time our travelers meet north-bound traffic bearing the unfamiliar license plates of Colombia, Peru, Chile, even far-off Argentina. By now they have learned to recognize all these tell-tale identifications of international travel because they have already come far along the 18,537 miles of inter-American highway system that links Texas with Rio de Janeiro, via Santiago de Chile and Buenos Aires.

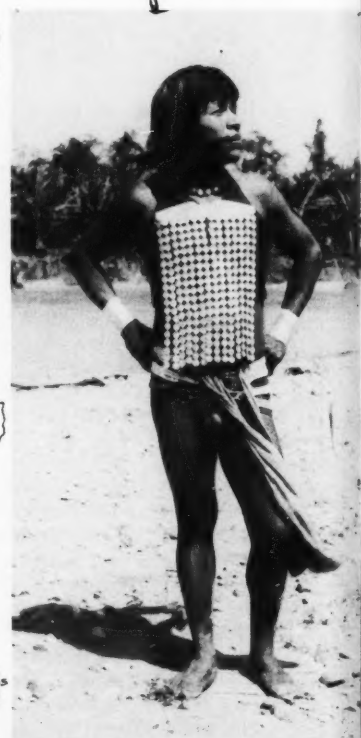
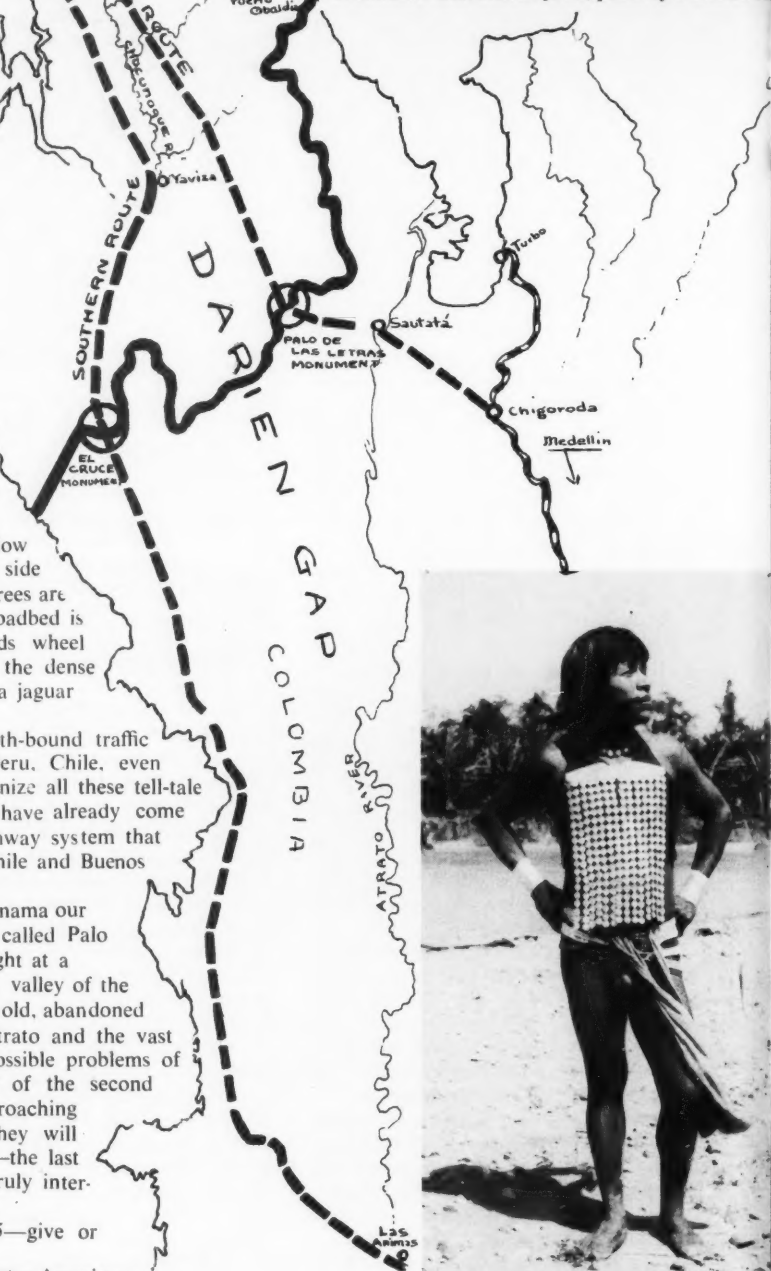
At the end of that first day's drive out of Panama our travelers may cross over into Colombia at a place called Palo de las Letras, and nearby they may spend the night at a modernistic motel overlooking the broad, green valley of the Rio Atrato. On the morrow they will descend to the old, abandoned river port of Sautatá and cross the sluggish Rio Atrato and the vast marshlands which were once thought to pose impossible problems of highway engineering and construction. At the end of the second day out of Panama the travelers well may be approaching the Colombian industrial center of Medellin. They will have driven across the forbidding "Darien Gap"—the last great obstacle to continuous highway travel on a truly inter-American scale.

The year of our travels might well be 1965—give or take a couple of years.

PANAMA'S RESERVE. The dream of an inter-American highway network that began to take form in 1923, today is approaching completion. Some 6,674 miles have been com-



Trailblazers with Indian guide, pause by Panama-Colombia border



Choco Indian with vest of silver coins... valued ally in the jungle



na-Colombia boundry monument Piragua in rough waters of a jungle stream . . . packhorse of the Darien Before the Bulldozers . . . someone must mark the trail

pleted and paved. Another 9,567 miles have been opened to all-weather traffic, and 1,454 miles are passable in dry seasons. Contracts have been let and construction begun on a 147-mile gap to link Costa Rica and Panama, and this should be completed sometime next year. A 151-mile stretch of official route is still to be built in Bolivia but this is presently by-passed by an alternate road. The only big obstacle to inter-American highway travel that will remain after 1959 will be the stubborn 500-odd miles of the Darien Gap.

Dating from the time the Spaniards finally gave up their efforts to wrest gold from the natives of the jungles, the Darien Isthmus has lain almost untouched until recent years. Panama is a young country and a small one. Its total population is barely one million. Only 15 percent of its land area is inhabited. The Darien is known as "Panama's reserve". It has scarcely felt the touch of exploitation, in spite of its many resources. There are rich stands of mahogany timber, but these have remained largely inaccessible. There are range lands for cattle, but it would be impractical to attempt to grow cattle for market. There are mineral deposits, but the costs of extracting and transporting the ores make mining largely unprofitable. Now it is believed there may be possibilities of oil in the Darien. The Indians grow some plantains and bananas on the Darien and trade them to coastal traders, but there are no organized efforts at cultivation. It is hoped that the Darien highway can be placed to take advantage of the best potentials for development of the area.

One of the biggest obstacles to road building in the Darien has been the "psychological barrier". Since relatively little has been known about the area over so long a period of years, tales of adventurers and chance visitors have tended to create a false image of the Darien as a dark and forbidding land. These tales painted the Darien as a land of voracious insects, jaguars and jungle reptiles, of impassable swamps

and morasses of mangrove and quicksand. The Darien Indians were characterized as fierce headhunters.

But in Panama there was at least one man who did not fall prey to the psychological barrier of the Darien. He was Tomas Guardia, Jr., chief of the Panama Mapping Office; and like his father, Tomas Guardia, Sr., he had undying faith in the Darien road. To Guardia fell the job of breaking down the so-called psychological barrier.

He began to travel in the Darien. He acquainted himself with the Indian tribes and learned to live in the jungle. By 1954 Guardia was ready to lead the first small expedition down the Darien from Chepo, the last outpost of Panama's road system, to Palo de las Letras, a monument marking the boundary of Panama and Colombia.

NO HEADHUNTERS. Guardia's journey down the Darien took 12 days. The party traveled up and down the tortuous jungle streams by native canoes, called *piraguas*, made from hollowed-out tree trunks about 30 feet long. And when the water became too shallow or too rough for canoeing, the 1,000-pound *piraguas* were manhandled through the difficult waters with one member of the party poling from the canoe and the others pushing and tugging from the rocky stream beds. Up the twisting Bayano River they went until there was no longer a navigable stream, and then they took to scarcely-defined Indian trails through the jungle.

There in the headwaters of the Bayano River, Guardia and his men made their first contacts with the fierce-looking Cuna tribes on their home reservations. At one village the explorers spent the night locked in a tiny hut while the village menfolk chanted and pow-wow'd over drums, debating the fate of the white intruders. By dawn, however, the Cunas decided to cooperate and the chief himself loaned the party a canoe to continue their journey. The Cuna Indians were wary and aloof, but once they

were made to realize the importance of the expedition, they proved very cooperative.

After leaving Cuna territory on the upper Bayano and the headwaters of the Chucunaque, the expedition traveled by *piragua* down the latter river into the territory of the Chocó tribes near the Colombian border. Of all the Indians of the Darien, it is the Chocós who are the most maligned in the myths of the isthmus. The Chocós are a semi-migratory tribe and dwell in one or two-family groups instead of in villages or towns. Perhaps because of their savage appearances, the Chocós have stirred the imaginations of the myth-makers.

The Chocós paint their bodies a dark color with a stain from a native berry. The men wear only a G-string and the women dress in a simple sarong. The Chocós have had more contact than the Cunas with the down-river towns and the coastal traders with whom they do a lucrative commerce in bananas, plantains and wild rice. In spite of their primitive appearance, the Chocós proved even more friendly than the Cunas, and Guardia completely dispelled the myths of headhunters in the Darien.

Later in 1954, the Pan American Highway Congress met at Caracas, Venezuela and Tomas Guardia, Jr. appeared before the group to report his findings from the Darien exploration. Here he was at last able to break the psychological barrier that had led many to say that a road down the Darien was a physical impossibility. He refuted the myths. Technically, Guardia saw in the Darien terrain no greater obstacles to roadbuilding than in many of the jungle and mountain sectors already crossed by the highway in Guatemala and Costa Rica.

Out of this meeting of the Congress, as a result of Guardia's report, was established the Darien Subcommittee, composed of an international forum of engineers and explorers, to carry on the study of route possibilities between Panama and Colombia. Panama's representative, Tomas Guardia,



Seldom encountered bushmaster snake . debunking of a myth

Choco Indian hunter . . . fresh-killed game for the trail



Across the Panama-Colombia border . . . long portage for a piragua canoe

Sr., was appointed to head the Subcommittee, and Guardia, Jr. was named executive director to carry out the engineering and exploration efforts in the field. An office was set up in Panama and the Subcommittee went to work in earnest.

MARKING THE WAY. Guardia set to work to prepare the first accurate map of the Darien. Because much of the isthmus is veiled in a semi-permanent shroud of mist and clouds during the wet season, and in a haze of smoke from brush fires in the dry period, no complete aerial photo coverage had ever been made of the area. So the only way to establish an accurate picture of the Darien was by sending into the jungle foot-slogging, bush-whacking crews of explorers and engineers for ground reconnaissance.

With his Subcommittee backed by \$30,000 each from Colombia and Panama, and another \$30,000 put up by other Latin American countries, and with the United States contributing personnel and equipment from its

Canal Zone and Panama bases, Guardia again was ready to tackle the Darien. This time he was accompanied by the Colombian engineer, Garcia Tellez, and they planned to go all the way into Colombia at the old port of Sautatá on the Mississippi-like Atrato River. On a clear day, the first of April, 1956, the expedition set out from Chepo in *piraguas* with outboard motors for use in deep water. They reached Sautatá 14 days later.

Then a crew under engineer Tellez set about cutting a straight trail from Paya, near the Colombian border in Panama, over the high boundary ridge and down to Sautatá. Next it was necessary to sound the depth of the mud across the Rio Atrato swamplands—mud that sometimes reaches to a depth of 90 feet. Meanwhile another crew, backed up by the United States Twentieth Infantry stationed in Panama, began to cut a trail through the jungle from Paya back into Panama. After a year of machete swinging in the drenching jungles, these crews had

A coastal trading launch . . . until recently the Indian's only contact with the whiteman



hacked the first dry-land trail on a compass course through the jungle from Colombia across the Darien to Panama.

But it was not enough to blaze one trail as a likely highway route through the Darien. Other routes had to be explored—routes that might prove more practical, both from a standpoint of terrain and from a standpoint of development of the resources of the Darien, once the road is completed. So at the same time that crews were hacking out the northern route over the boundary at Palo de las Letras, another crew headed by a young map-maker, Amado Arauz, was exploring an alternate route, called the southern or Chocó route.

Before the bulldozers—and even the survey teams—someone must first mark the way, carving in the jungle a faint path where someday the hemisphere's important inter-continental highway will pass. Cartographer Arauz set out to mark the southern alternate route early in 1956. Breaking into the jungle from the Colombian side, Arauz, using Indian boatmen, traveled up the Rio Jurado to locate El Cruce monument, marking the Panama-Colombia boundary. Having cleared the jungle growth from around the monument for aerial photo reconnaissance,

the crew dragged their canoes overland to the Panama side and descended the rivers along the Pacific coast.

DEADLINE: 1965. By February, 1956, Arauz was once again penetrating the jungle with a crew of eight men and a Chocó guide. This time he hacked a straight trail through the jungle, explored the rivers for bridge crossings, took careful notes every inch of the way to record altitude and incline, width and number of creeks, the nature of the soil, any evidence of flooding, the prospects of local building materials—a hundred other factors that have to be considered in highway construction.

Meanwhile, another crew was cutting its way through the jungles along the west coast of Colombia, marking a trail from the last outpost of the Colombian road system at Las Animas, to El Cruce monument at the Panama border. The results of this southern, or Chocó route, would be to bypass the treacherous swamplands of the Rio Atrato that would have to be crossed on the northern route.

The trails of these teams may never be used for the actual roadbed. But a way has been opened for the surveyors, the soil specialists, the hydraulic engineers, and all the others who can

bring to reality the Darien sector of the Inter American Highway.

In August of 1957 the Pan American Highway Congress met again at Panamá City and considered reports of the Darien Subcommittee's trail-blazers. As a result of these early explorations, the Congress resolved to conduct a detailed survey of the Darien province and prepare careful engineering studies of the various routes, at a cost of nearly \$2 million. The Congress meets again in 1960 at Bogotá, Colombia. It is hoped that at this meeting the preliminary surveys may be completed, and that a way may be figured to finance the \$70 to \$100 million project so that actual construction may begin on the Darien gap.

Tomas Guardia, Jr. has projected a deadline for completing the Darien road by 1965 at the latest. This, he explains, takes into account a construction period of five years from "Zero Day"—the day that financial barriers are finally broken. Off the record, he confesses a secret conviction that with full financing and the full force of modern engineering, "we could be driving from Alaska to Tierra del Fuego within three years of the inauguration of construction in the Darien."

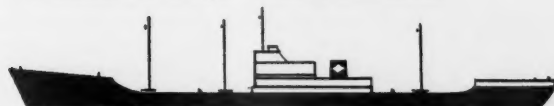
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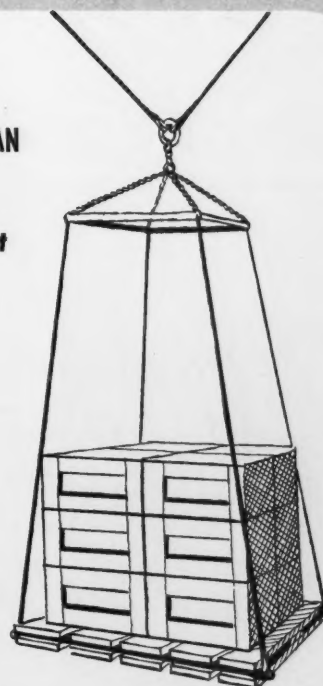
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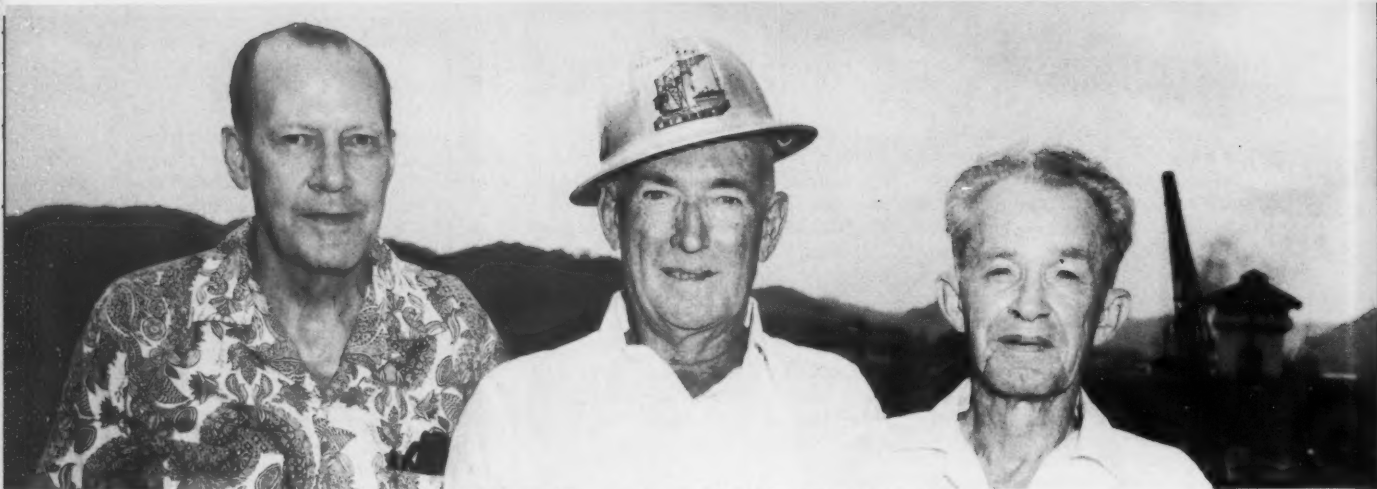


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The last three: William V. Brugge, David W. Ellis, Adrien M. Bouche

THE LAST THREE DITCH DIGGERS

... veterans of historic construction crew still on the job at Panama Canal

A highly flavorful era in the history of the Panama Canal has all but ended, after 54 years of construction and operation by the United States.

Last month the interoceanic waterway, through which flows a stream of some 10,000 ships a year, celebrated one of its two significant anniversaries—the beginning of the task under the American flag, and the opening of the Canal to world traffic. Despite its importance, the inaugural day of May 4, 1904, is little known to the American public, but most school children can tell you the Canal

was opened ten years later on August 15, 1914.

Although more than half a century has passed since the Canal construction began, there are three Americans left in Canal service who can boast that they helped dig the "Big Ditch".

They are the last of a small army of men and women who came to the tropical Canal Zone from the United States in the early part of this century, to be welded along with tens of thousands of common laborers gathered from the West Indies, Spain, Italy, surrounding Latin American countries, and even as far away as India, into one of the most remarkable civilian forces ever assigned to a similar task.

The three construction-day employees still in service are: Adrien M. Bouche, control house operator at the Pedro Miguel Locks; David W. Ellis, floating crane operator in the dredging division; and William V. Brugge, assistant housing manager in Balboa. Of the three, only Mr. Bouche and Mr. Ellis were actually at work on August 15, 1914, when the old Panama Railroad Company steamer, Ancon, made the initial commercial transit of the waterway. Mr. Brugge's construction service consisted of school vacation work.

NEW JOBS FOR OLD. While all three have enough service to retire voluntarily, none will have to retire because of age for another two years, and Mr. Ellis will not reach compulsory retirement age until 1964, just a few months before the Canal's golden anniversary of its opening is

celebrated.

The three veteran Canal employees are representatives of a large group of men and women who were largely responsible for the Canal's successful operation for more than 25 years after it was opened.

Well before ships began to transit the Panama Canal, the Isthmian Canal Commission, under Col. George W. Goethals as chairman and chief engineer, came to the logical conclusion that the force which built the Canal could be transformed into an operating organization. While a great segment of employees continued in their normal tasks, such as machine shop work, teaching school, carpentry, and a myriad of other such jobs, it was necessary to train a large group into completely new tasks.

Accordingly, many men who had operated steam shovels in Culebra Cut, learned to operate the towing locomotives, called "mules"; or to open and close the massive lock gates, or to pilot ships through the Canal.

The training program for these men was so competently handled that the transition from a construction force to an operating organization was accomplished with remarkable facility. In fact, the permanent operating organization, known as The Panama Canal (now the Panama Canal Company-Canal Zone Government) had been established several months before the waterway was opened, and the vast majority of employees saw no change in their day's work when the S.S. Ancon made its day-long trip

"Big Ditch" today S.S. Gertrude Fritzen in the Gaillard Cut



Suction

through the new waterway.

Most of the men transferred to the permanent organization were young or well under middle age, and still had many years of useful service in front of them. This resulted in a very stable organization made up of men and women who took a fierce pride in their part in creating what has been recently designated as one of the seven engineering wonders of the modern world.

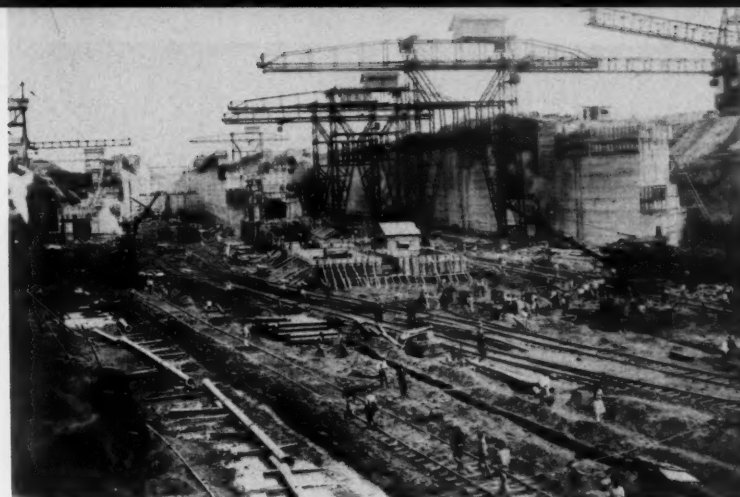
THINNING RANKS. This remarkable group continued as a close-knit organization until a quarter of a century after the Canal was opened. When the Canal's 25th anniversary was celebrated in 1939, there were then in service more than 500 men and women who held Roosevelt medals, given to those with two or more years of continuous construction service. In addition to these, there were several hundred others, composing a half or more of the force, who had some construction service.

At that time, all but a very few of the top positions were held by employees who helped build the Canal. The three top civilian positions—executive secretary, chief quartermaster, and comptroller—were occupied by men who started work when the Canal construction was just beginning. And, almost without exception, the division heads were construction-day men.

As recently as 15 years ago it was possible to get an eye-witness account from some active employee of events which took place as far back as 1904, the year the American forces began to dig the Panama Canal.

The drastic change in the Canal organization began to be noticeable soon after the 25th anniversary celebration, and by the beginning of World War II in 1941, the ranks of the old timers had dwindled to a mere handful. Since that time the list has been trimmed considerably each year.

Each year since its publication, the



Miraflores Lower Locks . . . under construction in 1912

Panama Canal Company's monthly magazine, *THE PANAMA CANAL REVIEW*, has published an Honor Roll of the men and women still in service who took part in building the Canal. This list is published each year in May as a reminder to those now helping to operate the waterway, of the significant anniversary of May 4, 1904. On that date a young lieutenant in the Corps of Engineers, at a simple ceremony in the heart of the City of Panama, accepted in behalf of the United States Government the rights and properties of the French Canal Company in exchange for a \$40 million receipt, undoubtedly the largest ever given up to that time.

THE NEW GENERATION. When the list was first published in May, 1951, it contained 69 names. It was cut by two-thirds during the next two years, and five years later there were only 12 names on the Honor Roll. Last year the list had dropped to nine, and during the past twelve months six of the last old timers left the service.

Today, the Canal organization is again made up largely of young men

and women. Just before and during the early part of World War II, when a major construction program of protective and other work was in progress, the Canal force was quadrupled and recruitments were made principally in the United States. It was this group who stayed on after the war to make Canal work their lifetime jobs, and that today forms the backbone and bulk of the organization.

While the men and women who built the Canal proved beyond the shadow of a doubt that they could operate it with high success, their successors—who include children and grandchildren of that first generation—have every reason to be just as proud of their workmanship.

The Canal is working just as smoothly as it ever did, and with a record number of ships month after month. During the first nine months of this fiscal year, ending in March, a new all-time record was established in the number of transits of ocean-going vessels, with a total of 7,208 transits—as compared with 6,458 for a comparable period the previous year, which also had topped all previous marks.

Suction dredges eat through Contractor's Hill . . . 1913



Digging the "Big Ditch" . . . Culebra Cut in 1904



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Balboa discovers the Pacific



days of the buccaneers



coming of the railroad

PORTRAIT OF A NATION

Panama

In the quiet waters of the bay, scores of trawler boats ride at anchor with shrimp nets spread for the sun and the wind to dry. In the distance, beyond the bay, shine the lights of ocean liners, awaiting word by radio that will start them moving through one of the world's outstanding man-made projects, a feat of engineering and construction—the Panama Canal.

Ashore a broad, newly-paved beach road, symbol of modernity and progress, curves around the bay. On the land side of the road is Santo Tomas hospital, and beyond, a cluster of old wooden buildings, packed with humanity. These are the barrio of the shrimpers. Clothing hangs in motley array from lines drawn taut, or it is spread over rocks and grass to form a crazy quilt pattern of colors, all bright, bristling with the feeling of cleanliness.

Inward toward the center of the city, the broad beach road gives way to narrow, angled streets. The simplicity of pattern now takes on an appearance of bedlam. There is a man, obviously European, wearing a coat despite the heat . . . a step away from him is a West Indian, his sport shirt a veritable riot of color . . . the North American tourist, replete with camera and notepad . . . two taxi drivers, so intent on their sidewalk checker game that they are oblivious to all else, even to the customer who takes one look and walks on. Equally as mixed and motley as the people are the shops that line the streets—shops of every description and type, bulging with goods and wares from all points of the world.

The impact at first is one of confusion. Then from it all, a voice, speaking slowly, but strong with pride

and the confidence of knowledge, says:

"We are not a pure race."

The speaker himself is not "pure" in the sense of being of a single racial strain. There is in him some Indian, some Spanish, some West Indian, perhaps many other nationalities. Yet, it is not in a derogatory fashion that the speaker makes the comment. Actually, it is his quick way of describing Panama, its customs, its people, its ideas—and himself. Indeed, the declaration could be applied to many of the New World lands that have, by the reckoning of time in terms of history, only just acquired their Independence—some from France, some from England, some from Holland, others from Spain. It is an expression which, in truth, could describe the United States of North America.

The new Panama on parade . . . cement mixers instead of soldiers





independence for the Republic



digging of the Canal



Panama today—and tomorrow

Drawings, courtesy of Hotel El Panama

... crossroads of the hemisphere

MIXED CULTURES. In this instance, however, the expression was being applied to the newest Republic in all of the Americas—the Republic of Panama. More specifically, it applies to the capital of that country, Panama City.

Out of the past of Panama come the real reasons for the present mixture of cultures and races. No area in Latin America has been the pawn of historical developments as has Panama. It has known splendor, greatness, power and riches that exceeded even the fabulous Peruvian capital, Lima, and it has known destruction, utter and complete.

Since Panama was first discovered in September, 1513, by Vasco Nuñez de Balboa, Panama's destiny has been entwined with its geographic position. The march of history has left its marks across the entire Isthmus, from the Pacific to the Atlantic. And each mark tells a different story.

There are the ruins of old Panama, all that is left today to give mute evidence of the great struggle waged there when the English pirate, Henry Morgan, marched across the Isthmus to capture old Panama. This was in 1671, and when Captain Morgan left, the city was in smoldering ruins. Despite the great struggles of the past that were fought on Panama soil—at Nombre de Dios, once captured by Sir Francis Drake, at Portobello and numerous other spots, few were fought for glory but rather for plunder.

It was in the spirit of opening a new land that Balboa marched across the lower section of modern-day Panama to discover the great body of water which now bears the name Pacific. Until Balboa made the startling discovery of the narrowness separating the two great oceans, the area



The modern amid the old . . . Palace of the National Legislature

was composed of a series of quiet Indian fishing villages. When, in 1513, Balboa first cast eyes on the Pacific, the discovery seemed of no truly great moment. The subsequent march of history, as the Spanish Conquistadores swept down the west coast to overwhelm the Incas and establish a Viceroyalty at Lima, Peru, gave the Balboa discovery significance and importance—and it radically changed the history of Panama.

MARKS OF HISTORY. So it has gone, throughout the centuries which have passed . . . the richness, the power, the political importance of Panama have been contingent upon its geographic position in relationship to other areas.

And as each new period came, prospered and then faded, traces of the culture which marked the time remained. In the early days, Nombre de Dios was the proud city on the Atlantic side. The sleepy village of Panama City first began to bud in 1518 when Pedro Arias Davila, known as Pedrarias, established the seat of government for the Spanish province, then known as Tierra Firme—or firm ground. In 1538, the bud burst into a full bloom of splendor and power when Panama City became the Third Audiencia Real in the New World, for Ferdinand, King of Imperial Spain.

It was not the greatness of Panama City on the Pacific side, or of Nombre



Teeming streets of Old Panama . . . out of the mud, onto new pavements

de Dios on the Atlantic, that made either outstandingly important. But they did represent terminal points on the lifeline of trade and traffic. The riches of Peru and other west coast areas came to Panama City, were transported up the Chagres river and overland to Nombre de Dios. Soon Portobello, named by Christopher Columbus for its beauty, replaced Nombre de Dios in importance—but there was no dimming the lustre of Panama City. Ever more powerful and more important it became and as its greatness and grandeur grew it became even a more lush target for the pirates who now began to infest the waters of the surrounding seas.

Boldest of the lot was Henry Morgan, the English captain. The enormous riches in stones and precious metals which flowed from Portobello in Spanish galleons, filled his heart with greed and lust. The stories of great fairs which were held at Portobello, when the New World riches were exchanged for products coming from Imperial Spain, added to his desire to gain control of the fortified city. In 1669, his dreams of conquest were realized and Portobello fell to

Captain Morgan. It was a victory which was not accomplished without cost. Many of Morgan's men were killed, many others were wounded. The truly great prize, Panama City, still held sway over the Pacific terminus.

INTO OBLIVION. Two years later, after one of the bitterest battles fought on the Isthmus, proud Panama City fell. All that is left today are some old ruins, now hanging heavy with tropical vines.

So the splendor of Panama City passed for the moment into oblivion. But the customs and the cultures brought by the Spaniards had become so deeply rooted that even such a defeat could not destroy them. Nearly 300 years have passed since then, and those customs and cultures, altered by time, remain. They are an important part of the cultural mixture that is Panama.

The indefatigable Spaniards, building beside the ashes left by Morgan, began to erect in 1673 what is present-day Panama City. It was not the defeat by Morgan, nor the burning of the city that really changed the tempo and the trend for Panama City. Rath-

er, it was the fact that the riches of Peru were beginning to decline.

The apathy of life which characterized Panama City then did not break from its somnolence until the revolutionary fever, sparked by successes scored against the British in the United States, swept over the Spanish colonies, including Panama. In 1821, Panama broke from Spanish rule and joined what was then called the Republic of Colombia, which also included present-day Colombia and Venezuela.

The first period had run its course, left its mark and come to an end.

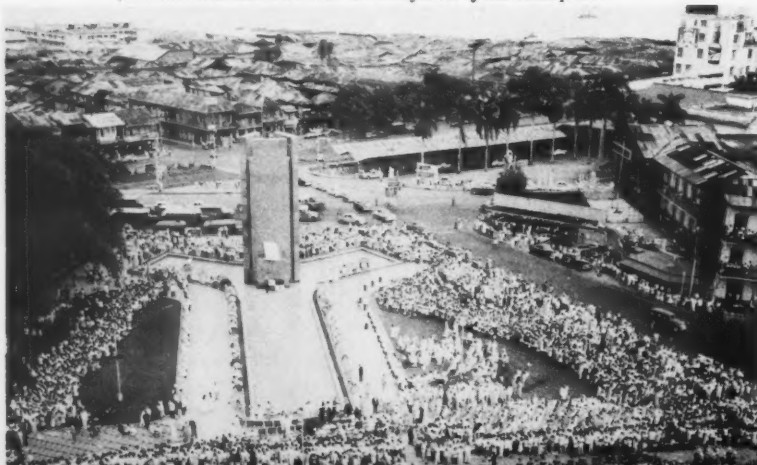
Just as the Spanish conquest implanted new customs and new cultures . . . so now did the burning zest for freedom. So strong was this desire for freedom that the people of the province of Panama wanted complete liberty, even from Colombia. But many attempts failed, and it was not until 1840 that a revolt against Colombia succeeded. However, freedom for the new republic, given the name, State of the Isthmus, was not long lived. Thirteen months later the insurgents were brought back again under the wing of Colombia. But the leader of that movement, Tomás Herrera, remains today the national hero of Panama.

UPS AND DOWNS. A period of true financial prosperity, however, did not return to Panama until 1855, when a railroad, financed by North Americans, was pushed across the Isthmus at a cost of \$8 million. The driving force that brought the railroad was the same that had impelled Spain to give such importance to the area. Gold had been discovered in California, and for the North Americans, the Isthmus appeared the shortest route between the east and west coasts.

For twelve years that railroad, enjoying tremendous financial prosperity, gave Panama a completely new complexion. Nationalities of the world converged on the Isthmus. The people of Panama, once Spanish and Indian, began to take on a blend, rich, wholesome and strong. There came now the gay, volatile West Indian, heart filled with song and music; there came the cautious, business-conscious North American; the exotic stranger from the Far East. They had one common goal—all sought a part of the new found riches that flowed through Panama.

Then came unwelcome news—news that the Union Pacific had pushed its rails across the United States to connect East and West. All Panama railroad traffic did not completely stop, but the once prosperous route went into a sharp decline. So did the

Monument to an ex-President . . . symbol of national pride



movement through Panama of the wanderers of the world, seeking quick riches.

Once again the importance of Panama began to fade, not to revive, in some small measure, until 1880, when Ferdinand de Lesseps, engineering genius who built the Suez Canal, formed a company to dig a canal across the Isthmus. This tremendous project, and the proud culture of the French, made a terrific impact upon the Isthmus. As millions of dollars were spent, and hundreds of Frenchmen died from the bite of the deadly mosquito, the culture of France continued to impress its mark on Panama's own culture. By 1888, the French had dropped a quarter of a billion dollars into the big trench, and less than a third of the canal had been completed.

Failure of the French brought economic distress again, but the canal gave Panama the excuse once again to seek its freedom. Slowness of Colombia in ratifying an agreement, which would have enabled the United States to attempt completion of the canal, was the incentive which resulted in a successful move for independence, and the establishment of the Republic of Panama on November 3, 1903. In 1904, the United States began the task that the French had failed to com-



Colon Free Zone . . . carrying on an old tradition in trade

plete. Ten years later, the Panama locks were opened.

TURN OF THE TIDE. Opening of the Panama Canal to the ocean liners of the world—the regular freighters, the tramps, the gay passenger vessels, the warships—marked the beginning of a new era for Panama. Unquestionably Panama was returning to the same prominence it enjoyed when it was the vital trans-Isthmus artery of the Spanish Conquistadores.

On August 15, 1914, when the steamship, Ancon, made the first commercial transit of the canal, Panama presented a far different picture from that September day, four hundred and one years earlier, when Vasco Nuñez de Balboa first looked on the Pacific.

On that August day, the Panamanians, bronzed by a bright tropical sun, cooled by the gentle trade winds, represented no one single culture. Yet in the faces of the men, who watched the Ancon passing through the locks, could be seen the marks left by all the cultures that had gone before—the greatness of the Conquistador, the gaiety of the West Indian, the quiet nobility of the French, the strength and perseverance of the North American, the exotic flavor of the Far East, the stolidity of the native Indian. This was Panama in 1914. It is still Panama today.

Unlike Vasco Nuñez de Balboa, who in 1513 knew nothing of the real importance of his discovery, the Pana-

via American-flag Sister Ships

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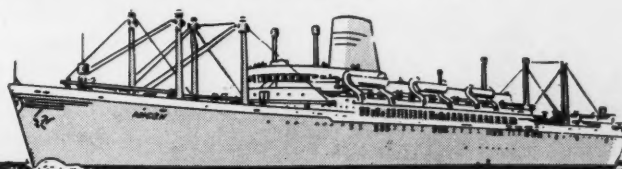
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manians who watched the Ancon move through the locks that August day in 1914 knew the full significance of what was taking place.

All that, now, is of the past, but it does give impact and meaning to that proud, bold voice, speaking slowly but with quiet confidence:

"We are not a pure race."

It is with pride in mixed and colorful ancestry that the words are spoken—and they bring understanding of, and meaning to, the pulsating life that goes on in the two most important cities of Panama—Panama City on the Pacific and Colón on the Atlantic.

One day not long ago there was a quiet luncheon in a 50-year-old apartment building overlooking one of the busiest streets in all of Panama City. Here there was a French tone to the setting, and a trace of Old World formality. Later that same day, there was a gay party for a business executive who was leaving to take a post in the Presidential Cabinet. Music at the luncheon was quietly beautiful; music at the farewell party was loud, fast and frivolous. And in the evening there was a cocktail party at Hotel El Panama—a blend of all these moods, as varied as the blood that flows in the veins of the people. These were the moods of Panama's upper classes.

MOODS OF PANAMA. And after leaving the parties of the highly-placed and well-to-do, one walked through the teeming streets of Old Panama, and from the open doorway of a bistro, heard the savage beat of a *tamborito*. The *tamborito* is looked upon as Panama's national folk dance—a dance born of the sadness of throbbing African drums, the frivolity of outward flirtations, modified by the tense, polite curtsies of a culture long since passed on, but nevertheless, leaving behind its impact. In the *tamborito* is found an expression of the moods of the miscegenous masses of Panama.

The shops that line these streets, in both Panama and Colón, offer as motley array of merchandise as can be found any place in the world—once again a product of the heritage of Panama. There are silks from the Orient, coldly precise instruments from West Germany, mass-produced items from the United States, wines and liquors of the entire world. There is no set pattern of arrangement for these shops. A shop that sells the finest imported silks may appear neighbor to a liquor store, and not too far away will stand a church, from within which echo the prayers of the communicants.

In so many ways Panama is strangely contradictory. There is little real



First Lady of the Republic takes personal interest in underprivileged children

sequence between the past that was Balboa and Henry Morgan, and University City, for instance, with its outstanding modern architecture—little sequence between the digging of the Canal under the debonair French, and the careful, methodical way the North Americans went about it later on—between the strongly Indian-influenced provinces and Panama City, itself. Hard to understand, perhaps, is that all of this is compacted into an area of a scant 29,127 square miles, a population of about one million, with more than 20 percent of the total located in the capital city itself.

The most interesting thing of all about Panama, however, is that for more than 400 years the country has never stood still. It is as though the easily excitable Caribbean on the one side, the powerful but placid Pacific on the other—the fierce tropical rains and the gentle trade winds, exerted their counteracting powers over the land, pulling it now this way and now that, but keeping it always on the move.

Nine months out of the year are the wet months, and then the merciless, tropical rains fall over the dense jungle, beating out a staccato rhythm that seems to keep repeating, "Panama, Panama. . . ." And the same drenching rains fall over the seas that press in on the land, and these seem to be saying, "Fisherman, fisherman, fisherman. . . ." For fishing was the life-blood of Panama long before the Spaniards came. "Panama" was the name given the Isthmus by the Spaniards, because the word had the dual meaning in native dialect of "fisherman" or "abundance of fish."

NEW ECONOMICS. In those early days, when the banners of Spain

waved over the Isthmus, the word amounted to only a name and there was little significance as to its real meaning, although it had meaning for the Indians who pre-dated the Conquistadores. But now, once again, the word is taking on meaning—for something is happening in Panama that did not happen in all the centuries since the Europeans invaded the land. Panama is turning once again to the bountiful sea.

Down through recent centuries, Panama has taken advantage of its strategic location as a gateway between two great oceans and two great continents to build for itself an economy based on trade and transshipment, but always dependent for its economic security on the rest of the trading world. Now a change is taking place. While continuing to make the most of its unique position as a trading and shipping center, Panama is at the same time building its own economy from within.

Typical of the nation's new economic thinking, is the shrimping industry. For a long time shrimping was looked upon as of so little consequence that few Panamanians bothered to venture into either the Bay or the Gulf of Panama to harvest the sea's bounty. But now, shrimp trawlers by the scores go out to sea and return with a catch that annually amounts to millions of dollars. The country is again living up to the origin of its name.

But the program of stabilizing development within the country does not stop with the shrimp boats. Agriculture and the cattle industry are receiving increasing emphasis. There is strong accent being placed on tourism, with the country proudly featuring expansive new beaches, tropical mountain resorts, modern guest ranches. Tours are being organized for Taboga, guardian of the Pacific approach to the Canal, and for the San Blas Islands, whose Indian inhabitants live lives untouched by the march of history.

Equally symbolic of the new Panama, is a drive that is underway to attract foreign investment capital, featuring (as a major attraction in these times) very favorable tax advantages. And carrying this incentive a step further, by combining the nation's new economic thinking with Panama's traditional function as a trading and transshipment center, the Colón Free Zone is pointing the way to a more independent economic future for a nation that refuses to stand still. As mixed and varied as the people who inhabit the land, are becoming the new economic interests of the nation.



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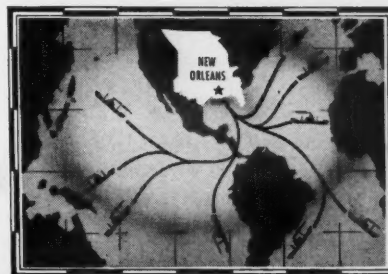
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The Chief Executive of Panama discusses economics and the problems of his developing nation



EDITOR'S NOTE: The President of the Republic of Panama, Ernesto de la Guardia, Jr., affectionately dubbed "Ernestito" by Panamanians, is also sometimes termed the "quiet man" of Panamanian politics (because of the quiet, dignified manner in which he conducted his campaign for President in 1956, compared with the bombastic campaigns of previous candidates).

Some feared, at the time, that the Dartmouth-educated (1925), businessman-President, with his emphasis on honesty and his well-formed concepts of economics (picked up at Dartmouth's Tuck School of Business Administration), would have a tough time of it when the politicians descended upon him.

But in his quiet way, President Ernesto de la Guardia has done just about exactly what he set out to do. He is well advanced in his program to develop Panama's economy from within, and to give the Republic an honest Administration, notably free from graft and corruption. In this exclusive interview with *LATIN AMERICAN REPORT* magazine, the "quiet man" does not hesitate to speak out on the subjects of his views.

A member of one of Panama's oldest Spanish families, President de la Guardia is an admirer of things North American, but he is first of all, a Panamanian, and he doesn't hesitate to make clear which side he is on when it comes to a dispute with the Canal Zone authorities. He is a businessman with a long record (18 years) as managing director of the country's only brewery, up until he became President. Until that time, he was relatively inexperienced in politics, although he was First Vice President of the Republic in 1945.

Although slight of build, he was once quite an athlete. He used to run the 100-yard dash in a sizzling 10.2. In his youth he was determined to be a baseball player and golfer. He was once a pitcher in a semi-pro ball club, was and still is, one of Latin America's better amateur golfers. He won the National Panama Open in 1932 and is always a threat to break 70. He likes to read, prefers biographies and economics. He has written five short books on these subjects. His interest in economics is being put to good use, in his capacity as President of the Republic of Panama.

Q. Mr. President: Undoubtedly differences do exist between the Republic of Panama and the United States in connection with the very vital Panama Canal. In the past, the press of the United States often has spotlighted these various differences. Do you regard the press of the United States as a contributing factor to these problems?

A. As far as easing the problems involving this country with the United States, the attitude of the press in the United States is of unquestionable importance; but when it comes to news about developments in Latin America, even though the matter of space should not be brushed aside, more attention should be given to the way in which the news is presented. We feel that generally news about us is treated either very slightly or in a joking manner. As a rule only the most ridiculous aspects of our news are brought into release with the result that a distorted notion is created. We know that it is news when a man bites a dog but my personal impression is that all too frequently the press of the United States is trying to make it appear as though anything that happens in this part of the world is as strange an occurrence as a man biting a dog.

Q. Obviously, Panama has a geographic location that is without rival in the Hemisphere. How, in your opinion, can Panama best take advantage of its location to improve its position as a trading nation?

A. Probably the best thing we can do to increase Panama's importance as a trading nation is the promotion of a free zone. A free zone has already been established in Colón and we are trying by all means to improve its services. The Free Zone works as a center for the world wide distribution of products and it is gratifying to state that the number of foreign concerns taking advantage of its facilities is not only increasing but has shown a particularly strong tendency to increase during the last three months.

Q. Mr. President, what are the advantages that induce a foreign corporation to make use of the Colón Free Zone?

A. The Colón Free Zone should and is offering advantages both as regards taxes and as regards distribution facilities. Taxes in the Free Zone are so small as to be almost negligible. There are no taxes whatsoever for imports or exports nor are there any property taxes. And as far as distribution is concerned, the Colón Free Zone being so centrally located means a great saving in time when it comes to foreign delivery of goods.

Q. During the past several years, there has been a movement under way to unite the various republics of Central America into a Federation. Some comment has it that Panama is following

a policy of non-participation in this move. Just what is the position of Panama on this issue?

A. The Central America Federation is more a latent than an actual thing. It could not be exactly said of Panama that it has adopted the policy of not wishing to participate in any Central America Federation. We believe in making of this part of the world as much as possible an economic unit and we have exchanged a few ideas with that view in mind. No one will deny, however, that this is a complex problem and that it will take a great deal of good will to solve it. The Inter-American Highway will unquestionably serve in the sense of promoting the economic integration of our countries.

Q. Would it, in your opinion, be more practical to limit the proposed Federation to a purely economic union, and would that bring it closer to reality?

A. What I had in mind when answering the previous question was precisely a trading agreement, but I must insist on the fact that a great many difficulties would have to be solved previously. It is not easy to get together on something of that nature, especially in countries whose possibilities have not been thoroughly established and where we lack a lot of information necessary to come to a permanent and lasting agreement.

Q. When you took office as President, you set up a group of Advisory Commissions. While these Commissions would have no definite official standing, they would play an advisory role in your Administration. What were your reasons for creating these Commissions?

A. The present world is daily becoming a world of technicians. Things are getting so complex, particularly in the field of government, that in a great many cases only those with certain specialized knowledge can give the right answer to the problems which daily confront us. That is the reason for the creation in Panama of various advisory commissions. We need men and women to specialize in the most important aspects of the operation of the country, not only to guide us through difficulties, but to establish some sort of uniformity in the application of measures directed to the solution of those difficulties.

Q. In recent years, the waters surrounding Panama have proven to be of ever-increasing value. The shrimping and fishing industries, for example, now are million-dollar operations. There is some talk that restrictions, in the form of conservation laws, ultimately may become necessary. What steps are your Government taking in this respect?

A. The adoption of conservation laws is a matter now under study. Experts in the field are making a thorough investigation of the wealth of our seas and their findings will tell us whether we need any conservation laws and what sort of laws these should be.

Q. In recent years, Panama has set out to develop its economy from within. One important direction this course has taken, as we understand it, has been in the field of agriculture. Would you comment on what the nation is doing to develop its agriculture?

A. To develop agriculture in the country, Panama has devoted to the service of that activity not only the knowledge that we ourselves can impart and the technical advice we can give, but the cooperation of the Point Four people. On top of that we have established for certain agricultural products, basic prices that are in reality an inducement to produce. We have been giving credit facilities to the extent that our financial institutions, especially the Institute of Economic Development, permit, and we are now making a revision of our land laws with the view not only to make of land an instrument of production, but to better group our population so as to permit the government to serve it more adequately.

Q. Mr. President, through what other means do you propose to raise the economic level of your people and to stabilize the economy of your country?

A. By the promotion of agriculture, industry and tourism we seek to raise the economic level of our people. In countries like ours, the national income leaves much to be desired. The earnings per capita of our population are not satisfactory as we should like them to be and there is only one way for us to overcome that difficulty: production and more production.

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TWO-WAY STREET TO BETTER UNDERSTANDING

Institute of Latin American Studies of Mississippi Southern College

breaks away at language barrier between the Americas . . .

As a "nation of the world," so to speak, the United States is young and still pretty inexperienced in a lot of ways. Not until after World War II did the realization actually dawn on the national conscience of the country that it was an integral part of the rest of the world—a powerful force in the society of nations, and that as such it shouldered certain responsibilities. By now the nation has come to accept its world role. No longer does the country look on itself as independently self-sufficient and invulnerable in its isolation—as uncaring about the fate and the opinions of its neighbors. It has learned to live in the society of nations.

And yet the United States may be somewhat likened to a farm boy from the Mid-West, snatched up suddenly from his native environment and plunked down in the cosmopolitan society of New York City. Like the farm boy, the nation has sometimes been slow to shed its provincial attitudes and take on the sophistication of its new surroundings. Nowhere has this residual provincialism been more apparent than in the North American's attitude toward foreign languages.

Traditionally, in his self-sufficient independence, the North American has tended to pass off the burden of communication to the "foreigner." If the merchant in Bogotá wanted to do business with the manufacturer in Chicago, then let him transact his business in English, has too often been the North American's attitude. Few people in the United States study foreign languages seriously, and few are trained to work in a foreign language. The North American has tended to look on the study of a foreign language as impractical. Nothing could be farther from the truth today.

With the United States taking an active role in world affairs—with the Good Neighbor Policy in effect, and the Point Four Program, with the United Nations and the Organization of American States, the Economic Cooperation Administration and the U.S. Information Service, the World Bank and the Export-Import Bank—with government and pseudo-government agencies of an international character by the score, there has arisen a demanding need for person-



In sound-proofed language laboratory . . . modern equipment, modern methods

nel who are capable of performing their various specialties, not only in English, but in the languages of neighboring countries as well.

The same situation is found no less in business and industry than in government. With industry looking to the lesser-developed nations for new fields to conquer, with business reaching out for new markets in competition with the other industrial nations of the world (you can bet the competitors are speaking their new customers' own language) it is becoming more and more imperative that personnel have at least working proficiency in the language of the country where the firm is doing business. The international exchange of goods and services has become enormous, and the need for personnel trained in foreign languages to carry on this work has increased proportionately.

TO FILL A NEED. In view of the proximity of the Latin American nations, and the close ties between them

and the United States, due to the large-scale trade with these countries and the penetration of these underdeveloped areas by North American industry, the demand for Spanish-speaking personnel in all the various fields of endeavor is particularly wide-spread.

To meet the growing needs for bilingual personnel, schools and colleges are responding with increased emphasis on languages in their regular curricula. But this does not alleviate the current shortage of people trained to work in a foreign language. Here and there, however, schools are acting to cope with the immediacy of the problem by cutting across departments with foreign language courses, especially conversational language, designed to impart to the student a working proficiency in the language in the shortest possible time. Developments in this field are particularly apparent in the teaching of practical courses in Spanish.

Director Reindorp and friend . . . the 1,000th Latin student at the Institute



One such school is Thunderbird in Arizona, an institute for foreign trade founded in 1946 (LAR, January 1957). Another college that has made great strides in filling the language gap in the years since World War II is Mississippi Southern College at Hattiesburg, with its Institute of Latin American Studies.

The Institute of Latin American Studies, besides its advanced educational techniques in the field of Spanish language training, has added another innovation: that of attacking the language barrier in the Americas along a two way street. Here's what the people are doing in the Institute at Hattiesburg:

The Institute of Latin American Studies was conceived and founded in January 1947 by Col. Melvin G. Nydegger, who was then head of the department of foreign languages at Mississippi Southern. Col. Nydegger had long observed the problems that faced foreign students coming to study at the college—problems growing out of differences between cultures and the lack of proficiency in the English language on the part of these students. A steadily increasing number of Latin American students at Mississippi Southern, following World War II, made these problems more acute. To help these students, Col. Nydegger came upon the idea of the Institute, where Latin American students could take an intensive, pre-college course in the English language, and at the same time learn something of North American culture, before taking up their regular college studies.

Unfortunately, the added work load of the newly organized Institute contributed to the death of Col. Nydegger a few years later, and direction of the Institute was taken over in June 1951 by its present head, Dr. Reginald C. Reindorp. Under Dr. Reindorp, the Institute was reorganized to give it a dual purpose—to make it the two-way street in language training and inter-American understanding that it is today.

To the Institute's regular function of teaching English to Latin American students as a foreign language, was added the function of providing intensive training in practical Spanish and Latin American customs and culture for North American students whose ambitions lay to the south. Dr. Reindorp's experience in the field of language education had shown him the tendency of North American students to balk at the regular language requirements of schools and colleges, because of the years of study required in traditional courses, which too often



Director Reindorp (center) and friends . . . staff and students



Mayor Pope and key to Hattiesburg . . . community's contribution to inter-American relations

provided the student with only an inadequate command of the language, after all. He decided to adapt to the teaching of Spanish the educational techniques and policies already in use at the Institute for teaching English as a foreign language.

Special, intensive courses were set up in Spanish, designed to impart an elementary speaking ability in 5 weeks. The customary college system of department majors and minors does not allow the student to cut across departments and obtain the breadth as well as the depth of training that is required in inter-American affairs, Dr. Reindorp believes. With a specialized organization such as the Institute, this weakness can be gotten around. Under Dr. Reindorp's direction, the Institute coordinated the several departmental offerings and organized the special courses needed for careers in foreign trade, the foreign service, and various other governmental and international organizations requiring a command of the Spanish language.

The Spanish courses, as well as the courses in English taught as a foreign language, place emphasis on the ability to *speak* the language. The course includes five hours a day, five days a

week. Four of these five hours concentrate on teaching the language; the fifth hour is devoted to study of Latin American customs and culture, for the North American student studying Spanish, and to the study of United States customs and culture for the Latin American student studying English. These are intensive, short-term courses in language and are in addition to regular college courses in inter-American affairs. They are designed to give the student a working command of the spoken language in the shortest possible time.

LATEST TECHNIQUES. For this reason, many U.S. companies operating in Latin America or doing business with Latin America, find it advantageous to send their key English-speaking personnel to the Institute for hurry-up courses in Spanish; and U.S. firms in Latin America and Latin American companies doing business with the United States, send their Spanish-speaking personnel for a quick course in English and United States customs and culture. The two groups of students find their language training helped along by mingling socially, and the Latin American student often shares a room, sometimes

in a private home, with the North American student of Spanish and inter-American affairs.

In the teaching of languages, the Institute combines the latest in educational techniques with the most modern electronic laboratory equipment. Appearing as a circular tower, or blockhouse, in the center patio of the Institute's modern building, is an up-to-date, sound-proofed laboratory. Here, in individual booths equipped with electronic apparatus, students may take from tape oral instruction in the language that they are studying. A selector switch permits the student to choose any one of seven channels, including four levels of instruction. The student may listen to the instructor's voice speaking the language, may repeat after the instructor, and then may hear his own pronunciation played back to him. Students are taught orally first and are not permitted to see written materials until they have acquired a minimum fluency in speaking and understanding the language of their choice. The customs and culture of the country under study become subjects for the language instruction, so that the student is oriented to the language and the culture at the same time.

Dr. Reindorp says proudly that the Institute enjoys a good reputation throughout Latin America. Of the people who come from these countries for an intensive course in English at the Institute, some are students preparing themselves for collegiate study in the States; but by far the greater number are persons of importance in their Latin communities. Most of these are business or profes-

sional people. Often there will be several persons from the same family attending the Institute together—sometimes a husband and wife, brothers and sisters, father and son.

BREAKING THE BARRIER. Latin Americans are always quartered in private homes during their stay at Hattiesburg. In this way they not only have more chance to practice their English, but they learn at first hand the customs of North Americans by living with them in their homes. As a part of the program of orientation in customs and culture conducted by the Institute for Latin American students, a number of excursions and tours are planned for each class. These include trips to New Orleans, the busy port city only 120 miles away which handles a good portion of commerce between the United States and the Latin countries, visits to the port of Mobile and the Gulf Coast, to the state capital at Jackson, to Vicksburg, and many other points of interest in the vicinity.

To help out in this important orientation program for the Latin students, the people of Hattiesburg have themselves taken an active part. As a contribution to inter-American relations, and to help the Institute in its program, the people of this college town, through the Altrusa Club, the Rotary Club and other local business and professional men's and women's organizations, founded the Club Buen Vecino, or Good Neighbor Club. The club membership consists of a representative of each of the social organizations in the community, and each organization takes it upon itself to sponsor at least one social event for the Latin Americans during each year.

In this way the Latin American students at the Institute are entertained once or twice each week by the townspeople, so that Hattiesburg becomes one large laboratory for the cultural orientation of the visiting foreign students.

Many of the Latin Americans who come to the Institute for training in the English language, stay only for one 10-week course and then hurry back to their work, which prompted the need to speak the language in the first place. But many others stay for two courses (20 weeks) or for an entire year (four courses). Still others go from the language course at the Institute, into Mississippi Southern College proper, or to other U.S. colleges and universities, to acquire degrees in their different fields.

But most of them will return to their native lands with a warm spot in their hearts for this Southern community and for the Institute of Latin American Studies. And the people at Hattiesburg are justly proud of the contribution they have made toward better understanding and closer relations between the Americas. The same may be said for the North American students that the Institute turns out—students trained in the language and the cultures of Latin American countries, so that they may better carry on their various activities in the other Americas in an atmosphere of mutual trust and understanding.

It has been said that the greatest barrier to trust and understanding between nations and peoples is the language barrier. The people at Hattiesburg have taken it upon themselves to help break this barrier in the Americas.

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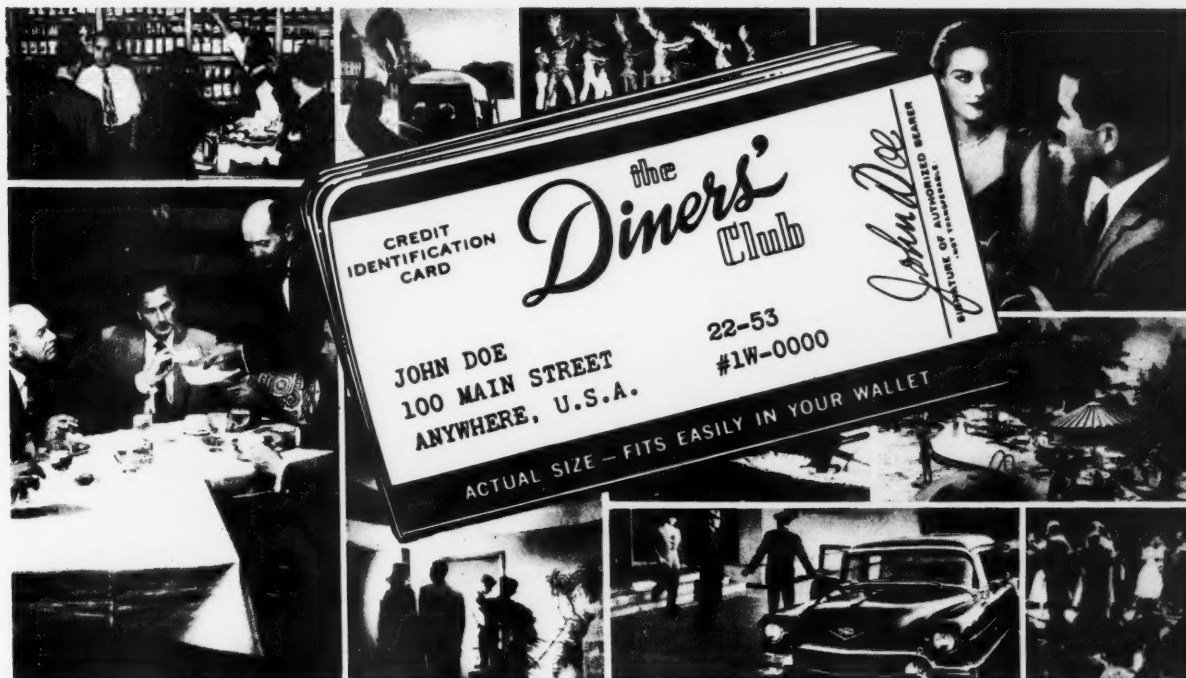
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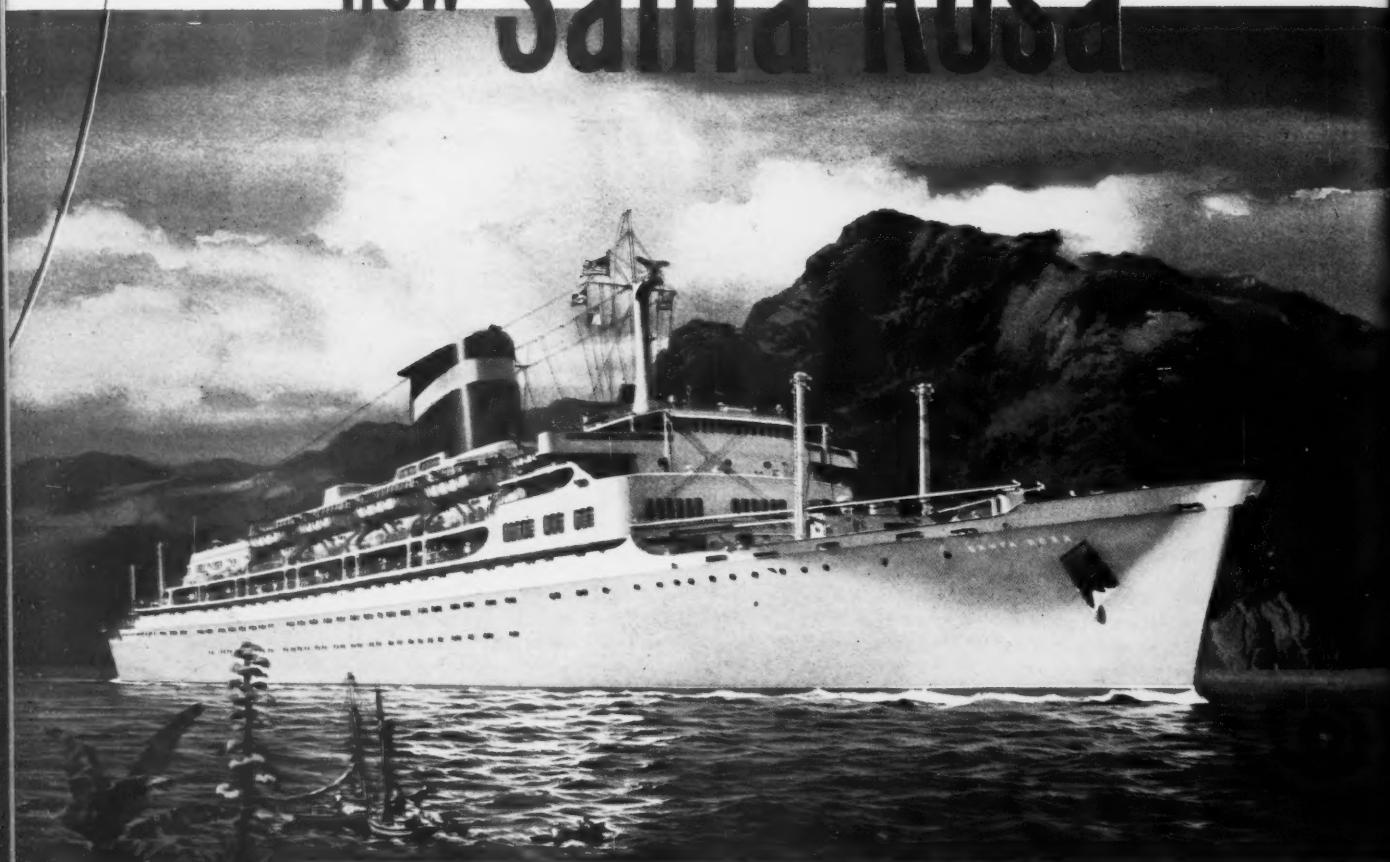
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